

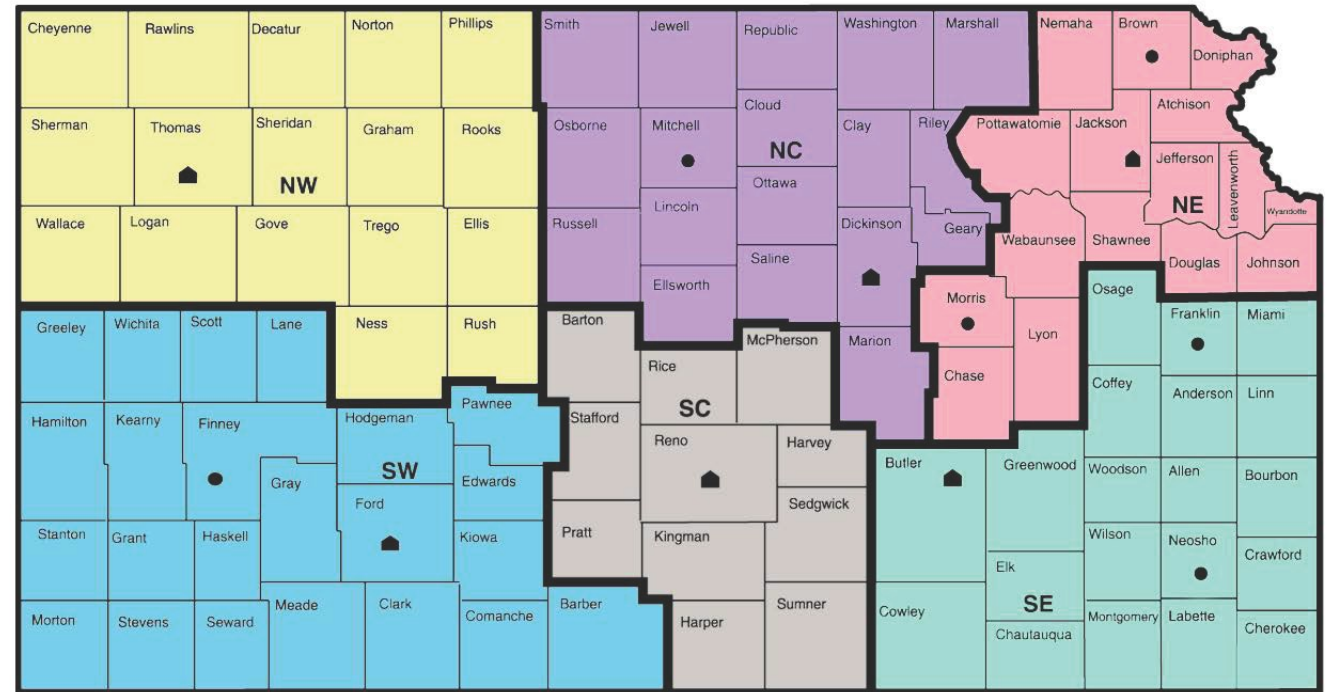
Kansas Farm Management Association – 2025 Net Farm Income Overview

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KANSAS FARM MANAGEMENT ASSOCIATION



Roadmap

- Overview of KFMA
- 2025 Accrual farm income
- What influenced high accrual farm income?
- Characteristics of the average farm
- Look forward to 2026



■ ASSOCIATION HEADQUARTERS

● SATELLITE OFFICE

Overview of KFMA

KFMA Economists collaborate with producers across the state to provide:

- Assistance with accounting and recordkeeping
- Accrual whole-farm and enterprise analysis
- Financial benchmarking
- Income tax planning and management

agmanager.info/kfma

Cash vs Accrual Income

Cash-basis reporting is important for taxation purposes, but misleading when measuring or comparing agricultural operations

Accrual Net Farm Income provides a more accurate look at farm financial performance and allows for better comparison to other operations (apples-to-apples)

Accrual Net Farm Income

Calculating accrual net farm income requires adjustments to cash farm income:

- Inventory of products for market (grain, calves, etc.)
- Inventory of breeding stock
- Accrued income and expense
- Prepaid expenses
- Management depreciation

<https://agmanager.info/finpack/financial-benchmarking-tool>

Accrual Net Farm Income

Example:

- 300,000 bushels of 2024 corn on hand 1/1/2025 valued at \$4.25/bu (\$1,275,000)
- Sold 300,000 bushels in May 2025 for \$4.00/bu (\$1,200,000)
- Raised 230,000 bushels in 2025, none sold
- 230,000 bushels of 2025 corn on hand 12/31/2025 at \$3.75 (\$862,500)

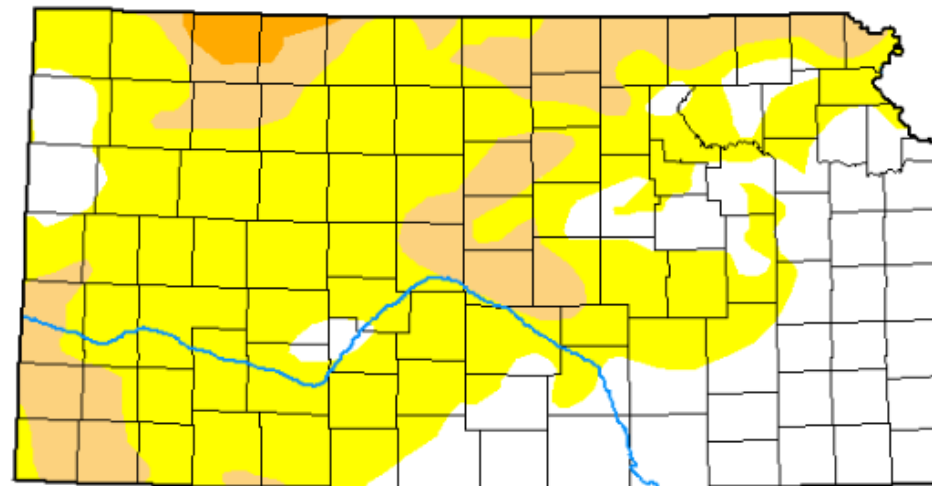
Cash income = \$1,200,000

Accrual income = \$787,500 (\$1,200,000+\$862,500-\$1,275,000)

What Happened in 2025?

- Strong yields
- Steady commodity prices
- Government payments – SDRP / FBA
- Historically high cattle prices

U.S. Drought Monitor Kansas



May 27, 2025
(Released Thursday, May. 29, 2025)
Valid 8 a.m. EDT

Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	30.25	69.75	17.18	1.18	0.00	0.00
Last Week 05-20-2025	19.42	80.58	34.66	0.81	0.00	0.00
3 Months Ago 02-25-2025	28.04	71.96	24.82	0.00	0.00	0.00
Start of Calendar Year 01-01-2025	35.20	64.80	24.63	0.00	0.00	0.00
Start of Water Year 10-01-2024	7.48	92.52	50.40	8.34	0.00	0.00
One Year Ago 05-28-2024	34.32	65.68	47.53	27.25	1.42	0.00

Intensity:

None	D2 Severe Drought
D0 Abnormally Dry	D3 Extreme Drought
D1 Moderate Drought	D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/About.aspx>

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2025 KFMA Net Farm Income

Value of livestock produced*	\$257,498
Total value produced	<u>\$986,627</u>
Operating expenses	\$636,008
Interest Expense	\$44,638
Depreciation Expense	<u>\$93,487</u>
Total Farm Expense	<u>\$774,133</u>
Accrual Net Farm Income	\$212,494

* Less purchased feed

Association Net Farm Income

	NW	SW	NC	SC	NE	SE	State
2025	256,256	167,018	226,555	148,381	201,096	227,804	212,494
2024	123,631	79,113	108,106	65,235	76,369	113,938	98,931
2023	87,626	97,568	92,581	70,214	107,274	120,397	100,618
2022	288,093	144,560	153,731	136,139	215,321	156,898	177,696
2021	412,532	452,584	281,542	267,111	304,963	321,811	319,180
5-Yr Weighted Average	259,197	172,238	173,025	136,075	187,513	185,638	183,487

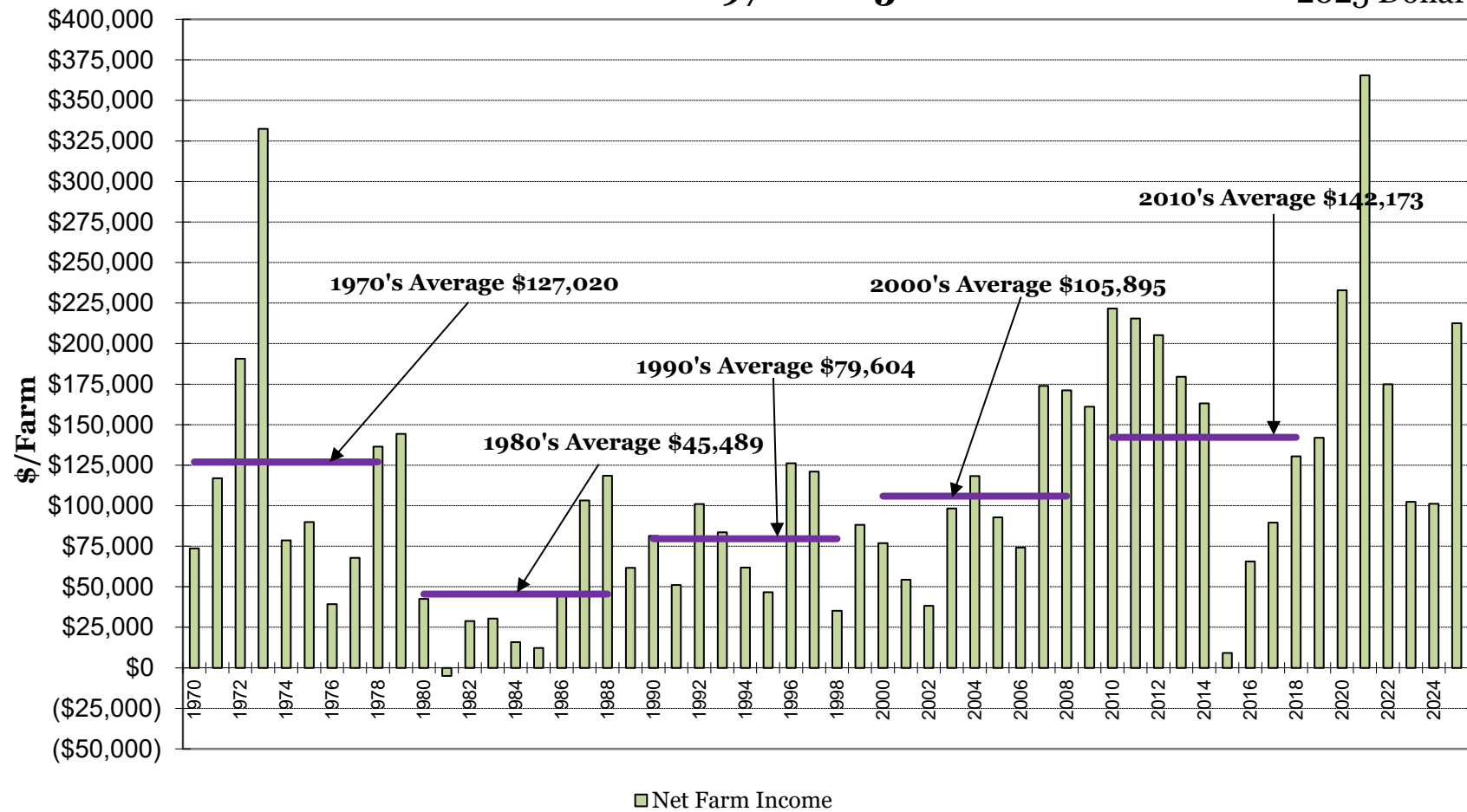
Net Farm Income

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Inflation Adjusted Net Farm Income

1970-2025

2025 Dollars



Farm Income Influences

- Net crop insurance = -\$5,293 (-2.5% of NFI)
 - Indemnity payments = \$21,560
 - Premiums = \$26,853
 - Net crop insurance 2016-2025* = \$196,697 (\$181,713 in 2022 and 2023)
- Crop yields generally strong across the state

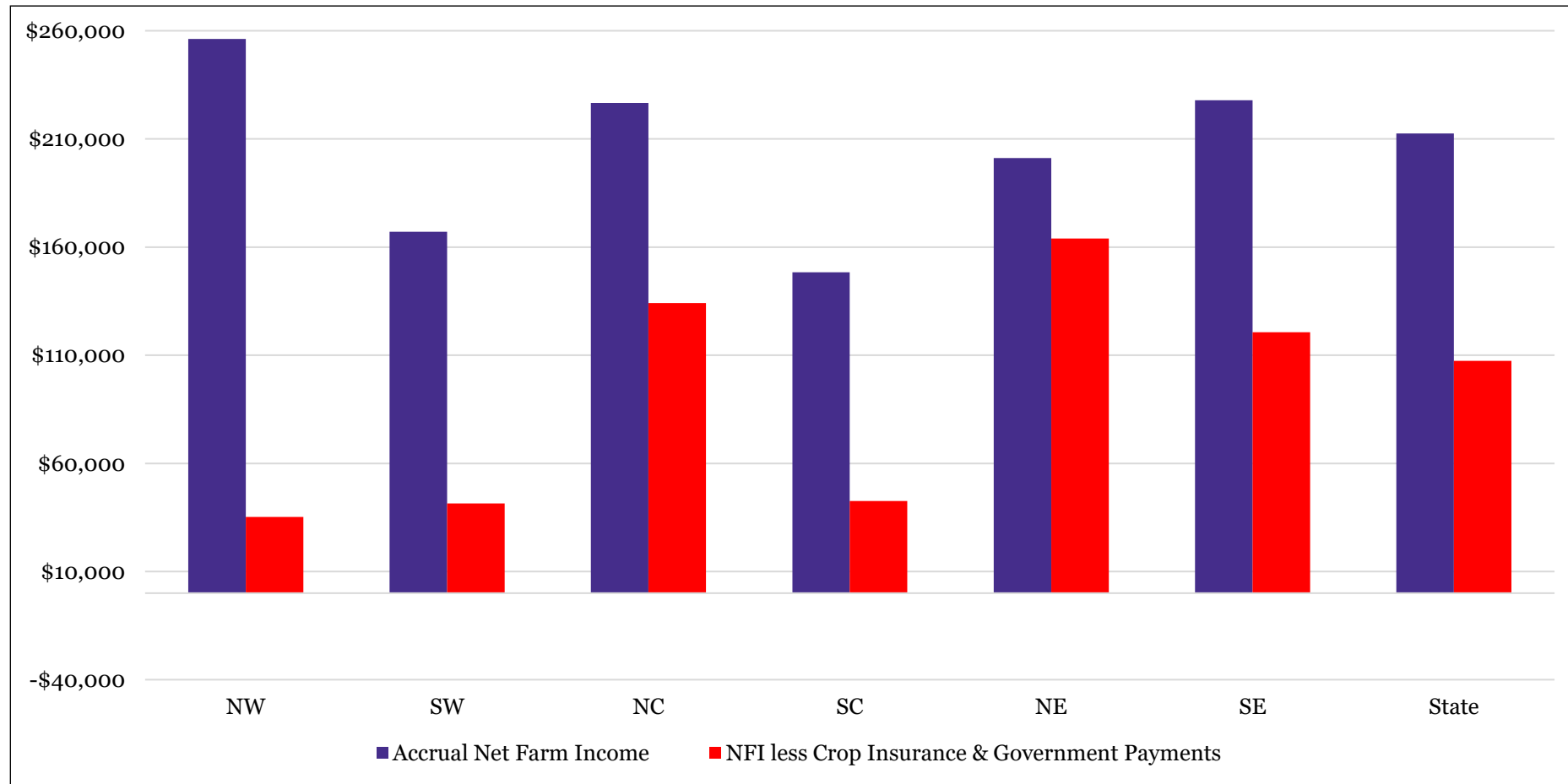
	Dryland	Irrigated	Double Crop
Corn	127 bu/acre (+39% vs 5-year average)	197 bu/acre (+4%)	
Soybean	50 bu/acre (+48%)	66 bu/acre (+11%)	35 bu/acre (+68%)
Wheat	58 bu/acre (+21%)	73 bu/acre (+12%)	
Grain Sorghum	92 bu/acre (+23%)		

Farm Income Influences

- Government payments = \$110,386 (52.0% of NFI)
 - Government payments 2016-2025* = \$729,127
 - SDRP = \$38,910
 - FBA = \$51,436 (accrued income at end of 2025)
 - ECAP = \$45,411 (not included in 2025, accrued income at end of 2024)
- Net crop insurance + gov. payments = \$105,093 (49.5% of NFI)

Accrual NFI would have been **\$107,401** without crop insurance and government payments

NFI / Crop Insurance & Gov't Pmts.



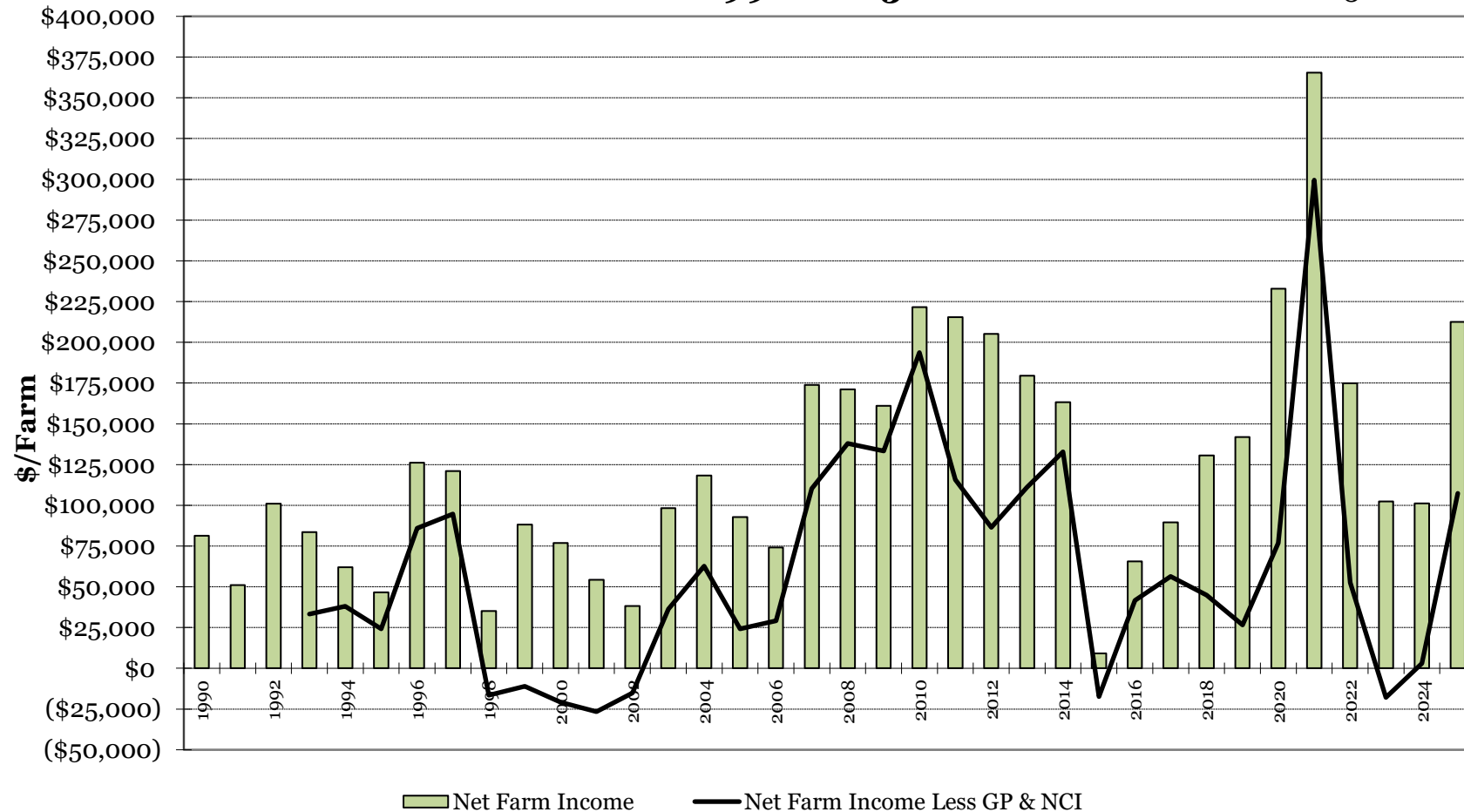
NFI / Crop Insurance & Gov't Pmts.

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Net Farm Income

1990-2025

2025 Dollars



Farm Income Influences

- Value of livestock produced (less feed purchased) increased 33.3% over 2024 to \$257,498
- The most profitable farms (top quartile) showed value of livestock produced of \$671,873 vs \$81,137 for the least profitable quartile

Farm Income Influences

KFMA Net Income Per Operator by Farm Type

Type of Farm	# Farms 2025	2025	2024	2023	2022	2021
All Farms	754	\$ 226,240	\$ 107,006	\$ 105,249	\$ 184,118	\$ 319,180
Crop Dryland	513	202,330	78,283	91,581	169,249	312,289
Crop 20-60% Irrigated	68	201,346	140,245	85,796	308,208	463,499
Crop >60% Irrigated	20	121,868	-13,522	164,133	477,800	828,003
Cowherd	20	323,515	132,663	266,285	80,465	45,265
Crop – Cowherd	58	247,704	152,003	164,952	59,339	140,937
Backgrounding	8	659,478	638,169	538,878	-	231,069
Crop – Backgrounding	12	539,131	310,871	320,835	314,543	384,903
Crop – Background-Finish	-	-	267,736	-	221,666	282,379
Crop – Beef	12	348,095	201,756	227,048	182,674	309,684
Dairy	7	214,517	239,483	98,427	239,275	116,341
General Farm	14	409,795	-32,742	54,686	110,656	286,337



Cattle Enterprise Data

Return over Variable Cost, per Head

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Beef Cowherd – Calves	81.42	576.95	60.73	-24.18	72.14	39.04	-67.44	72.43	32.28	51.51	496.47	479.78	918.97
Beef Cowherd – Feeders	129.99	657.07	91.95	-46.18	114.52	53.08	-46.13	67.58	9.07	77.17	611.13	625.17	1,137.74
Backgrounding	-4.63	112.88	-152.00	-110.54	50.33	-50.07	-14.13	-45.94	41.86	59.76	119.25	107.05	155.90
Backgrounding – Finish	84.89	366.47	-226.89	-26.10	189.39	50.47	22.54	69.93	148.91	89.36	290.00	325.67	411.10
Dairy Cows	453.92	1,694.60	651.47	37.80	478.94	142.27	409.86	763.40	578.79	975.70	124.26	1,266.23	1,028.96

2025 Average Farm Characteristics

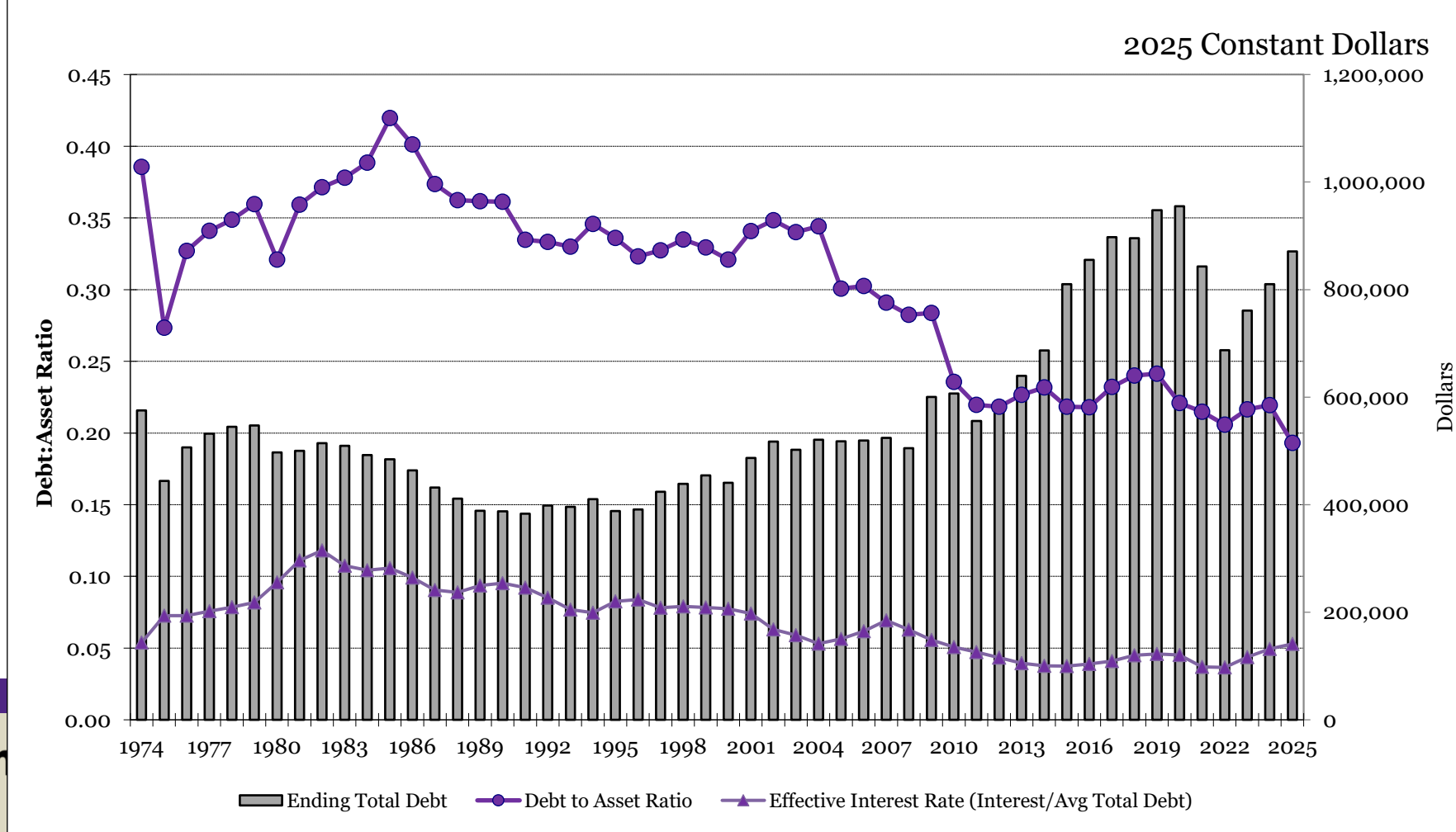
- Number of workers = 1.61
- Number of operators = 0.94
- Total acres = 2,510
- Total crop acres = 1,802
- Harvested acres = 1,801

Ending Balance Sheet

- Total liabilities = \$871,068 (\$55,729 increase)
- Total assets = \$4,512,147 (\$214,366 increase)
- Net worth increased \$158,636
- Debt to asset ratio = 0.1930 (0.03 increase)
- Current ratio = 2.68 (0.04 decrease)
- Working capital/(op. exp. + int.) = 97.5%

Ending Balance Sheet - Solvency

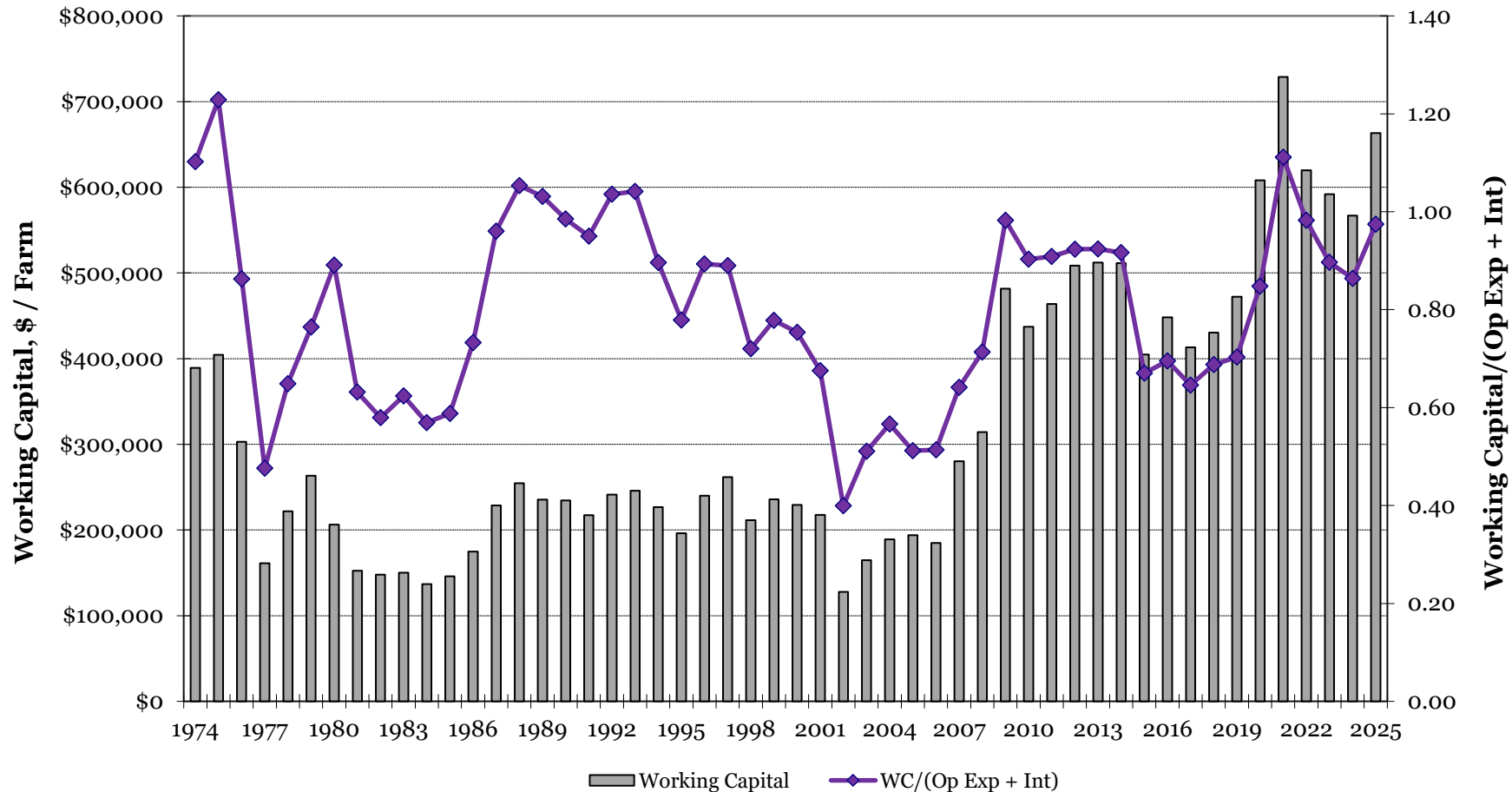
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Inflation Adjusted Solvency Trends, 1974-2025**



Ending Balance Sheet - Liquidity

**Kansas Farm Management Association
Inflation Adjusted Liquidity Trends, 1974-2025**

2025 Constant Dollars



Crop Value & Production Costs

	2021	2022	2023	2024	2025
Gross Crop Value/acre	\$540.03	\$507.60	\$464.55	\$436.27	\$480.30
Crop Production Costs/acre	291.97	355.91	372.46	351.36	346.88
Crop Machinery Investment/acre	281.40	315.73	349.26	352.88	353.29
Crop Machinery Costs/acre	101.62	117.91	132.96	131.67	129.10

- Weather and markets create variability in gross crop value/acre
- Cost of production has been continually climbing
- Crop machinery investment has increased over \$100 since 2019

Other Items of Note

- Effective interest rate was 5.29%, up nearly 1% from 2023.
- 16.2% of KFMA farms had NFI in excess of \$400,000, while 27.9% had NFI of \$50,000 or less.
- The top 25% of farms saw net farm incomes over \$595,246, while the least profitable 25% had NFI of -\$30,926
- Family living costs continued to climb, reaching in excess of \$130,000

Family Living - 2025

Income and self-employment taxes	\$31,643
Health Insurance	\$14,498
Drug and Doctor	\$6,005
Charitable Contribution	\$7,702
Household Expenses	
Food / Clothing / Personal Rec / House	\$64,876
Other Family Living Expenses	
Auto / Utilities / Education / Gifts / Etc.	\$7,166
	<hr/>
	\$131,892

Family Living - Trend

	2021	2022	2023	2024	2025
Family Living	\$82,557	\$89,559	\$90,152	\$95,334	\$100,248
Income + SE Taxes	\$21,133	\$26,732	\$32,055	\$30,153	\$31,643
Total Family Living	\$103,691	\$116,292	\$122,208	\$125,487	\$131,892

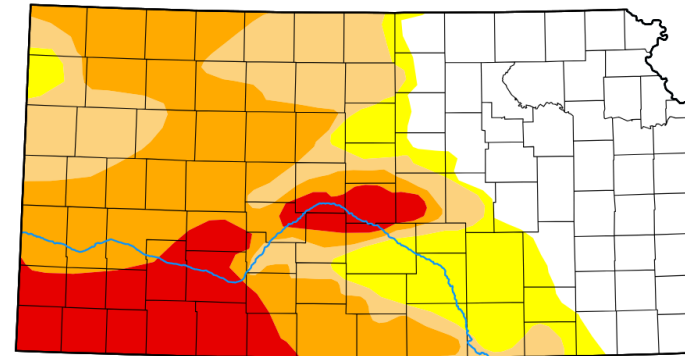
- Will there be a continued upward trend with income tax pressure from government payments?
- Is the increase in family living driven by inflation or profit?
- Will lower “true crop” profit drive family living expenses lower?

* Figures may be off slightly due to rounding

A Look at 2026

- Although easing recently, what impact will drought have?
- Poor wheat crop / yields
- Cattle expected to continue to be stressed in 2026
- Government payments
 - SDRP round 2
 - FBA counted in 2025
 - ARC and PLC payment projections
 - Other ad hoc payments possible?

Kansas



Map released: Thurs. May 28, 2026

Data valid: May 26, 2026 at 8 a.m. EDT

Intensity

- None
- D0 (Abnormally Dry)
- D1 (Moderate Drought)
- D2 (Severe Drought)
- D3 (Extreme Drought)
- D4 (Exceptional Drought)
- No Data

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